

## Message Text

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R 102251Z MAR 75

FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

TREASURY

AMEMBASSY MOSCOW

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

INFO USSAGE NKP

CINCPAC

COGARD

AMEMBASSY BUDAPEST BY POUCH

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

UNCLAS STATE 053603

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: MARCH 10 EA PRESS SUMMARY

1. INDOCHINA

TO KILL RUMORS HE HAD FLED COUNTRY, LON NOL INVITED 7  
FOREIGN NEWSMEN TO RESIDENCE SUNDAY FOR SHORT VISIT;  
NO QUESTIONS PERMITTED (ANDELMAN, NYT). WP, SUN, NYT,  
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AND CHITRIB FRONT-PAGE UPI PHOTO OF LON NOL WALKING IN

PALACE GROUNDS; ALSO IN PHINQ.

NYT'S ANDELMAN IN PP QUOTES LONG BORET THAT SO FAR HE HAS NOT BEEN INSTRUCTED TO REORGANIZE GKR; NOTES SHAKE-UP RUMORS PERSIST. SAYS OBSERVERS POINT OUT SUCH RESHUFFLES HAVE BEEN "MUSICAL CHAIRS" IN PAST, AND EFFECT WOULD BE NIL ON PROSPECTS FOR NEGOTIATED PEACE UNLESS LONG BORET GOES, SINCE INSURGENTS HAVE SAID TOP 7 GKR OFFICIALS, INCLUDING PREMIER, MUST GO FOR END TO WAR. SHAKE-UP REPORTS APPARENTLY AROSE FROM RESOLUTION PASSED BY "VIRTUALLY POWERLESS" NATL ASSEMBLY CALLING ON LON NOL TO PROSECUTE WAR AND RESOLVE OTHER PROBLEMS. MUCH OF APPARENT POLITICAL MANEUVERING, AND ARMED FORCES SHAKE-UP ANNOUNCED YESTERDAY, "INSPIRED" BY US EMBASSY AND GKR TO CREATE AIR OF RESPONSIVENESS AS CONGRESS VOTE ON EXTRA

AID NEARS. ISRAELI PERSONNEL LEFT PP FOR VIENTIANE IN FIRST FULL EMBASSY EVACUATION SINCE OFFENSIVE STARTED. BRITISH EMBASSY ADVISES ITS NATIONALS LEAVE TUESDAY ON RAF TRANSPORT.

CHITRIB'S YATES IN PP SEES LON NOL HANGING ON AS GLOOMY MOOD OF MANY GKR OFFICIALS PROMOTES TALK OF NEW GOVT. QUOTES POLITICAL OBSERVERS THAT FOR TIME REBELS DON'T SEEK TOTAL MIL VICTORY, BUT APPEAR CONTENT TO FOMENT INTERNAL POLITICAL DISSENTION TO PROVOKE LON NOL'S OUSTER. SAYS IF BECOMES APPARENT COUP NOT FORTHCOMING, INSURGENTS COULD STEP UP MIL ACTIVITY BEFORE JUNE, TAKE PP BY STORM. NO SECRET THAT LON NOL NOT "WASHINGTON'S FAVORITE PERSONAGE," US HAS TRIED REMOVE HIM SURREPTICIOUSLY FROM OFFICE, AND "MANY AMERICAN OFFICIALS" IN INDOCHINA HAVE PRIVATELY INDICATED LON NOL WOULD BE GLADLY SACRIFICED TO ATTAIN POLITICAL SETTLEMENT TO WAR.

GREENWAY (WP) FROM PP REPORTS GROWING OPINION THAT GKR IN LONG RUN MAY HAVE LITTLE CHOICE BUT SURRENDER, AND EVEN NOW TOO LATE FOR "NEGOTIATIONS AND COMPROMISE SETTLEMENT" THAT EA'S HABIB SAID WAS ONLY "LOGICAL AND FAIR SOLUTION." PESSIMISTIC ASSESSMENT BASED ON INSURGENTS' REFUSAL TO NEGOTIATE AND, AS HABIB SAID, "THEIR ATTITUDE IS UNCLASSIFIED

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UNLIKELY TO CHANGE UNLESS AND UNTIL" THEY CONCLUDE MILITARY VICTORY NOT POSSIBLE. LOCAL OPINION SAYS WEAKNESS IN US POSITION IS THAT INSURGENTS HAVE COME CLOSER TO VICTORY EVERY YEAR DESPITE EVERYTHING US COULD DO. US SEEMS LACK PLAN OTHER THAN KEEPING GKR GOING UNTIL RAINS IN VAGUE HOPE INSURGENTS WILL SOMEHOW CHANGE MINDS. AIRLIFT MAY HAVE TO CONTINUE FOR 6 MOS UNTIL MEKONG WIDENS, BUT PP NOT IN IMMEDIATE

DANGER AND INSURGENTS MAY BE BEGINNING TO FEEL LOSSES.  
QUOTES LONG BORET THAT LON NOL UNLIKELY STEP DOWN BEFORE  
NEGOTIATIONS STARTED (ABRIDGED IN PHINQ).

NYT'S SCHANBERG IN PP SAYS WAR ENTERING FINAL PHASE,  
ACCORDING FOREIGN MIL EXPERTS, BUT COULD LAST SEVERAL  
MONTHS OR EVEN INTO NEXT YEAR IF MORE US AID FORTHCOMING.  
CALLS FANK ONE OF MOST "PATCHED AND TATTERED AND DIS-  
HEARTENED" ARMIES IN WORLD DESPITE US AID; INSURGENTS  
APPEAR MORE DISCIPLINED AND PERHAPS MORE RUTHLESSLY  
LED. NOTES UNTIL RECENTLY US HAD CALLED WAR "STALEMATE."  
MIL ANALYSTS FORESEE POSSIBLE LOSS OF OUTLYING PROV  
CAPITALS AS SITUATION DETERIORATES. NOTES PP TRIES HARD  
MAINTAIN "LANGUID PREWAR FACE" WITH FEELING OF DECAY  
AND HOPELESSNESS, BUT NOT URGENCY, AMONG KHMERS. US  
EMBASSY STILL TRIES DESPERATELY BOLSTER GKR, "COSMETIC"  
CABINET CHANGES APPARENTLY IN WORKS AND SOME CORRUPT

AND INCOMPETENT MIL COMMANDERS BEING REPLACED.  
CHARACTERIZES WHAT US WOULD LIKE TO CALL "MAJOR SHAKE-  
UP" AS EFFORT TO CREATE IMPRESSION OF REFORM. QUOTES  
OBSERVERS THAT PROBLEM IS ONE OF LEADERSHIP AND FIGHTING  
MANPOWER, BOTH OF WHICH GKR LACKS. OPINES THAT IF REBELS  
GET PERHAPS 2 MILES CLOSER TO AIRPORT WITH ARTILLERY,  
GKR COLLAPSE PROBABLY NOT FAR OFF.

CAMPAIGN TO DUMP LON NOL GATHERS MOMENTUM AMID MOUNTING  
CRITICISM. HIGH GKR OFFICIAL SAYS 90-PCT OF GOVT AND  
ARMY WANT HIM TO RESIGN (AP, NYDN).

CSM'S SOUTHERLAND IN PP WONDERES HOW LONG REBELS CAN  
SUSTAIN ATTACK DESPITE HIGH LOSSES. INTELL REPORTS  
SKETCHY BUT THERE IS HOPE, NOT CERTAINTY, REBELS OVER-  
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REACHING THEMSELVES. REVIEWS MIL SITUATION AROUND PP.  
NOTES GKR OFFICIALS CONCEDE AIRLIFT CANNOT GO ON  
INDEFINITELY AND THEY MUST TRY REOPEN MEKONG; BUT  
GOVT'S IMMEDIATE WORRY IS AIRPORT, NOT RIVER.

LAT'S ABRAMSON (3/7) DISCUSSES PRES' "GLOOMY AND  
DETAILED" 3/6 PRESS CONFERENCE ASSESSMENT OF CAMBODIAN  
FIGHTING (EXCERPTED IN USIA WIRELESS FILE 3/7).  
WSTAR'S BRADSHAW (3/7) NOTES PRES ADDED NOTHING  
NEW TO ADMIN'S "CRISIS CASE" FOR MORE GKR MIL AID,  
BUT PUT IT IN MORE DRAMATIC FORM.

GKR TROOPS MANAGE HOLD PP DEFENSE PERIMETER AS US  
AIRLIFT CONTINUES (WP). SITUATION LARGELY STATIC  
IN BATTLEFIELDS AROUND PP. ROCKETING OF AIRPORT

CONTINUES (ANDELMAN, NYT; PHINQ). POLICE SAY 2 COMMUNIST AGENTS ARRESTED DISGUISED AS GKR SOLDIERS WHO ALLEGEDLY DIRECTED FIRE FOR WEEKS AGAINST AIRLIFT. US CARGO JETS DARE HEAVY FIRE TO FLY INTO PP AIRPORT (CHITRIB; AP NYDN, SUN).

GALLUP POLL FINDS 8 OUT OF 10 AMERICANS OPPOSE MORE AID FOR INDOCHINA (NYT; EXCERPTED IN USIA WIRELESS FILE). HUMPHREY ON CBS' "FACE THE NATION" SAYS WILL VOTE AGAINST GKR AID AND BELIEVES CONGRESS WILL REJECT IT (CSM; PHINQ). WP'S RUSSELL QUOTES SEN THAT LON NOL OUGHT TO STEP ASIDE (EXCERPTED IN USIA WIRELESS FILE). NYT FINDS HUMPHREY "GRIM" ON CAMBODIA AID ISSUE, SAID NEW AID WOULD "PROLONG AGONY" (EXCERPTED IN USIA WIRELESS FILE). CSM'S HEY BELIEVES CONGRESS STILL UNLIKELY VOTE EXTRA MIL AID FOR GKR AS INDOCHINA DECISIONS PRESS (EXCERPTED IN USIA WIRELESS FILE). REP HARKIN SAYS 37 FRESHMEN DEM CONGRESSMEN URGE PRES NOT SEND CAMBODIA MORE AID (CSM) IN LETTER COSPONSORED

BY CARR, HARKIN, MOFFETT, PATTISON AND WIRTH (PHINQ).

N VIETS SWEEP INTO BANMETHUOT IN HIGHLANDS, SEIZE SECTION OF CITY AS FIGHTING CONTINUES. SEVERAL DISTRICT CAPITALS ALSO APPEAR IN DANGER. MAJOR FIGHTING REPORTED NEAR TAYNINH CITY (WP). NVA AND VC LAUNCH WIDESPREAD UNCLASSIFIED

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PROBING ATTACKS AGAINST OVER 6 DISTRICT TOWNS AND OTHER GVN POSITIONS. WESTERN MIL ANALYSTS THINK NEW "HIGH POINT" BEGINNING (CSM); BELIEVE PURPOSE TO DO ARVN MAXIMUM DAMAGE AND CREATE ECON DIFFICULTIES BY CUTTING LOCS (AP, NYDN), AND SAY FIGHTING HAS NO CONNECTION WITH ACTIVITY IN CAMBODIA. MIL OFFICERS SAY POLICE AND TROOPS HAVE TAKEN OVER HIGH BUILDINGS IN BANMETHUOT TO BATTLE COMMUNISTS (CHITRIB). NYT'S MARKHAM IN SAIGON WRITES OF NEW COMMUNIST OFFENSIVE IN HIGHLANDS, WHERE BANMETHUOT THREATENED. IF CITY FALLS, WILL SEAL OFF QUANG DUC PROV. NVA ATTACK DEVELOPING WITH SURPRISING SWIFTNES.

OKLAHOMA CITY PAPER SAYS LAST SECRET PORTIONS OF MY LAI OFFICIAL REPORT WILL BE RELEASED THIS MONTH, WITH ARMY SECY CALLAWAY EXPECTED TO MAKE PUBLIC ANNOUNCEMENT OF ACTION ON MONDAY (CSM).

## 2. CHINA

AFP (PEKING) REPORTS MARCH 9 JENMIN JIH PAO ARTICLE CALLED ON US TO END SUPPORT OF LON NOL REGIME "AT ONCE." REJECTING ANY POSSIBILITY OF NEGOTIATING

WITH "HANDFUL OF NATIONAL DEGENERATES" IN PP TO  
SOLVE CAMBODIA PROBLEM, ARTICLE SAID US ENGAGED  
IN "IDLE FANCY" OF TRYING GIVE GKR "BREATHING SPACE"  
UNTIL RAINY SEASON (NYT).

NYT'S CLARITY, IN MOSCOW, REPORTS NOVOSTI COMMENTATOR  
SAYING MARCH 9 THAT PEKING HOPES TO MAKE "UNDERCOVER  
DEAL" WITH ROC UNDER WHICH CKS WOULD BECOME PROVINCIAL  
TAIWAN CHIEF FOR LIFE. COMMENTATOR ALLEGED MAO SENT  
"AGED CHANG SHIH-CHAO" TO HK TO CONTACT CKS AGENTS,  
BUT GIMO WOULD NOT MAKE DEAL.

PHINQ REPORT SAYS FOREIGN DIPLOMATS IN PEKING PUZZLED  
SUNDAY OVER IMPORTANT QUESTION WHY CONGO PEOPLE'S  
REPUBLIC PREMIER WAS NOT RECEIVED BY MAO DURING VISIT  
TO CAPITAL.

RADIO PEKING SAYS MORE THAN 1,000 WOMEN RAN RELAY RACE  
SATURDAY IN TIENANMEN SQUARE TO MARK INTERNATIONAL  
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WOMEN'S DAY AND THANK MAO FOR IMPROVING THEIR LOT (CSM).

WSJ REPORTS PRC RECENTLY AGREED TO SELL THAILAND  
75,000 TONS DIESEL OIL AT PRICE ESTIMATED SOMEWHAT  
BELOW WORLD MARKET LEVELS. LAST WEEK'S THAI COALITION  
GOVT FALL NOT EXPECTED TO AFFECT RTG POLICY RE CHINA  
TRADE.

PHINQ'S HOLLAND REPORTS PHILA FIRM, SPIRO AND ASSOCIATES,  
HAS WON ACCOUNT BILLING APPROXIMATELY MILLION DOLS  
FROM NEW CHINA EXHIBITION CORP., NY-BASED SUBSIDIARY  
OF CHINA TRADE CORP. PHILA CONCERN WILL ACT AS MASTER  
ADVERTISING, MARKETING AND PUBLIC RELATIONS AGENCY  
PROMOTING "CHINA FRIENDSHIP FAIR" THAT BEGINS TOURING  
20 MAJOR US CITIES LATER THIS YEAR. PATTERNED AFTER  
CANTON FAIR, "CHINA FRIENDSHIP FAIR" DESIGNED TO  
EDUCATE US PUBLIC ABOUT PRC THROUGH PRODUCT/CULTURAL  
DISPLAYS.

### 3. JAPAN

UPI (TOKYO) CITES YOMIURI REPORT SUNDAY TANAKA  
AND BUSINESS PARTNERS ASKED BY TAX OFFICE TO AMEND  
1971-73 RETURNS, PAY ADDITIONAL INCOME TAX CLOSE  
ONE MILLION DOLS; ASAHI REPORTS FIGURE ABOUT 1.7  
MILLION DOLS. BOTH REPORT NO CRIMINAL CHARGES  
(WP, PHINQ).

WP OBERDORFER IN TOKYO DESCRIBES CEREMONIES MARKING

30TH ANNIVERSARY OF MAR 9-10 FIRE BOMB RAID, THAT LEFT OVER 100,000 DEAD, MORE THAN MILLION HOMELESS IN TOKYO. NOTES SOME ANGER, BUT MOSTLY DIRECTED AT WAR POLICIES OF IMPERIAL JAPAN WHICH BROUGHT DOWN RAIN OF FIRE ON PEOPLE. SOME SPEAKERS CRITICAL OF US BOMBING IN INDOCHINA. COMMENTS OVERALL MOOD ANTI-WAR (ABRIDGED IN PHINQ).

LAT'S SAM JAMESON IN TOKYO MARKS DEATH OF BUSINESS LEADER TAIZO ISHIZAKA, THURSDAY; RECALLS HOW HE DEFIED BUSINESS LOGIC TO ARGUE STRONGLY IN FAVOR OF OPENING JAPAN'S DOORS TO FOREIGN INVESTMENT (MAR 7).  
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#### 4. KOREA

NEWSMEN AT CHOSUN ILBO, DONG-A ILBO CONTINUE SIT-IN PROTEST AGAINST FIRING OF COLLEAGUES ACTIVE IN FREE PRESS MOVEMENT, DEMAND REINSTATEMENT OF TWO NEWSMEN FIRED DECEMBER (WP).

REV OGLE TOLD PHILADELPHIA UNITARIANS SUNDAY NO THREAT OF COMMUNIST TAKEOVER OF SK, DISPUTE PARK'S CLAIMS TO

CONTRARY. OGLE SAID KOREANS, FOR OR AGAINST PARK, ALL "VERY MUCH ANTI-COMMUNIST." OGLE SAID HE NOT LOOKING FOR KOREANS TO RISE UP, THROW PARK OUT, BUT "GROUND IS JUST DISINTEGRATING UNDERNEATH HIM" (PHINQ).

UPI (SEOUL) NOTES 17 TEEN-AGE GIRLS EMPLOYED AT WIG FACTORY IN SEOUL KILLED SUNDAY WHEN RETAINING WALL COLLAPSED ON COMPANY DORMITORY; WALL NOT REINFORCED, IN VIOLATION LAW; FIRM OFFICIAL, THREE BUILDERS ARRESTED FOR NEGLIGENCE INVESTIGATION (PHINQ, CHITRIB; REUTER, SUN). UPI WIREPHOTO OF SITE IN CHITRIB.

#### 5. THAILAND

CSM REPORTS THAI NATION, SOCIAL JUSTICE PARTIES MOVE TO FORM NEW COALITION IN WAKE OF SHORT-LIVED SENI GOVT. MAY ASK SENI'S BROTHER -- LEADER OF SOCIAL ACTION PARTY -- TO SERVE AS PM; BUT BROTHERS "NOT CLOSE."

S-N'S JOY BILLINGTON CITES "HIGHLY PLACED" THAI SOURCE ON EMBASSY ROW THAT CHARLES WHITEHOUSE -- AMB TO LAOS -- "SEEMS LIKELY TO BE THE NEXT US AMBASSADOR TO THAILAND;" THAI SOURCE SAYS KINTNER

"VICTIM OF CIRCUMSTANCES" FOLLOWING STUDENT-LED  
REVOLT.

6. INDONESIA

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AFP (JAKARTA) CITES INDONESIAN MILITARY NEWSPAPER  
EDIT SATURDAY THAT PORTUGUESE TIMOR IS SOURCE OF  
DANGER THAT MUST BE "ELIMINATED" FOR SAKE OF NATION'S  
SECURITY (WP). (USIA WIRELESS FILE 3/10).

7. MICRONESIA

TTPI HICOM JOHNSTON SCHEDULED TESTIFY TODAY BEFORE  
SENATE INTERIOR COMMITTEE, IN FOLLOW UP OF COMMITTEE  
REPORT US OFFICIALS MISMANAGED US MONEY, PROPERTY.

8. PHILIPPINES

CHITRIB (MANILA) CITES INFORMED MIL SOURCES THAT THREE  
GOP BNS ATTACK 4,000 MOSLEM REBELS ON BASILAN ISLAND,  
500 MILES S OF MANILA, AS PART OF "AGGRESSIVE OPERATIONS"  
ORDERED BY MARCOS BEFORE RESUMING PEACE TALKS WITH MORO  
NATIONAL LIBERATION FRONT IN APRIL. SOURCES SAY REBELS  
PULLING BACK, BUT NO ESTIMATE OF CASUALTIES.

COMMENT AND ANALYSIS

9. INDOCHINA

ROBERT ELEGANT IN LATIMES (3/7) SAYS DOMINO  
THEORY IS FANCIFUL EXPRESSION OF SIMPLE FACT  
OF MILITARY LIFE AND DEATH SINCE ANY MILITARY FORCE  
INCLUDING GUERILLAS NEED SECURE SUPPLY LINES. NVN'S  
AIM ALL ALONG HAS BEEN TO BREAK ENEMY'S WILL TO  
RESIST. FROM MILITARY VIEWPOINT LAOS AND CAMBODIA  
HAVE ALREADY FALLEN. ASIANS HAVE NOT DISCOUNTED  
DOMINO THEORY AND AFTER CAMB AND SVN THAILAND IS  
THE OBVIOUS NEXT TARGET. ULTIMATELY INDONESIA.

CHARLENE PROST IN STL D (3/2) DESCRIBES VISIT OF NGO  
CONG DUC THIRD FORCE NEWSMAN OPPOSED TO MIL AID TO  
SVN. SAYS ONCE THIEU OUT THIRD FORCE CAN NEGOTIATE  
PEACE WITH NVN.

SANDY GRADY OF PHIL BULLETIN (3/4) DESCRIBES  
REP MCCLOSKEY VIEWS ON AID TO SEASIA FOLLOWING RETURN.  
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SAYS CONGRESS PROBABLY WILL GIVE PRES FORD APPROVAL FOR FOOD AND MEDICINE BUT NOT FOR GUNS. SAYS CONGRESS MUST FIND WAY TO "PEACE WITH HUMANITY."

NYT'S LEWIS ARGUES THERE HAS PROBABLY NEVER BEEN WEAKER CASE FOR CONTINUED US INTERVENTION IN "FOREIGN CIVIL WAR" THAN CAMBODIA SITUATION. INSISTS ABSOLUTELY NOTHING HAS HAPPENED THERE SINCE CONGRESS PUT CEILING ON AID TO CAMBODIA, NOR IS THERE ANY RATIONAL GROUND OF POLICY, LAW OR SECURITY TO SEND MORE US ARMS TO LON NOL'S FALLING GOVT. MAINTAINS THIS CONCLUSION PLAIN IF ONE STUDIES NOT ONLY WORDS OF CRITICS, BUT "TOUGH OLD INDOCHINA HAND" HABIB'S "ADMIRABLY HONEST TESTIMONY." FOR DOMINO THEORY BELIEVERS, OBSERVES HABIB SAYING GKR FALL WOULD NOT "MAKE MUCH DIFFERENCE" TO SVN FIGHTING.

WICKER (NYT, MAR 9) SAYS PERHAPS GKR'S FALL WOULD LEAD TO CALCULATED SLAUGHTER OF MANY CAMBODIANS, BUT CERTAIN THAT 222-MILLION DOLS IN MIL AID TO LON NOL WILL PROLONG VICIOUS FIGHTING, SHELLING, BURNING, ETC -- AND NOT MUCH MORAL CHOICE BETWEEN POSSIBILITY OF ONE TYPE BLOODBATH AND TERRIBLE PRESENCE OF ANOTHER. ALSO SEES NO MERIT IN ARGUMENTS THAT US HAS COMMITMENT TO CAMBODIA, MUST CONTINUE AID "TO SAVE AMERICAN FACE," PROJECT TOUGH US IMAGE TO WORLD, AND MAINTAIN MYTH US CAN MAKE ITS WILL PREVAIL WHEREVER IT TRIES.

WSTAR'S BRADSHER (MAR 9) WONDERS WHO LEADS CAMBODIA INSURGENTS, AND WHO CAN SPEAK FOR LON NOL ENEMIES SHOULD GKR FALL. FINDS ANSWER UNCLEAR, AND SUGGESTS THIS MAY EXPLAIN INABILITY OF ENVOYS OF BOTH LON NOL AND US TO COME TO GRIPS WITH ANYONE ABLE TO NEGOTIATE SETTLEMENT. SEES INSURGENTS, IF VICTORIOUS, FACING QUESTION WHETHER THEY WILL RUN COUNTRY IN OWN PRIMARY INTERESTS OR IN INTERESTS NVN.

10. JAPAN

NYT'S HALLORAN (MAR 9) IN TOKYO DETECTS SIGNS OF RECOVERY FROM LONG WINTER OF RECESSION; GOJ TIGHT UNCLASSIFIED

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MONEY POLICY SLOWS INFLATION, STOCK MARKET EDGES UP STEADILY, BOP REMAINS IN OVERALL SURPLUS, BANKRUPTCY RATE DECLINES, AND YEN GROWS STRONGER. ALSO NOTES



PESSIMISTIC SIGN THAT PERSONAL CONSUMPTION -- WHICH ACCOUNTS FOR ABOUT HALF GNP -- REMAINS STAGNANT. OBSERVES MUCH DEPENDS ON SPRING WAGE SETTLEMENTS, IMPACT ON OIL SUPPLIES OF WAR OR PEACE IN ME, WHETHER GOJ CONTINUES RELAX ANTI-INFLATION POLICY AND JAPAN MAINTAINS EXPORT COMPETITIVENESS.

11. CHINA

WSTAR'S BRADSHAW CITES RECENT YAO WEN-YUAN WARNING THAT CAPITALISM "REARING ITS UGLY HEAD ONCE AGAIN" IN CHINA, AND SEES ARGUMENT HAVING IMPLICATIONS FOR PRC FUTURE LEADERSHIP, WHICH WILL MAKE DECISIONS ON RELATIONS WITH US AND OTHER COUNTRIES. NOTES CHOU HAS SHOWN CLEARLY HE INTENDS TO MAINTAIN FIRM PRESSURE ON US INTERESTS ON MANY FRONTS; DENUNCIATIONS OF US INDOCHINA POLICY ARE AS STIFF AS EVER, AS ARE PRC CHALLENGES TO US POLICIES THROUGHOUT WORLD. COMMENTS, HOWEVER, THAT TENDENCIES EXHIBITED IN PAST BY THOSE WHO RAISE NEW DOMESTIC CONFRONTATIONS WITH CHOU SUGGEST THEY WOULD ADOPT MORE ANTAGONISTIC POLICY TOWARD US. THUS, IF THESE PAST SUGGESTIONS ARE TRUE, ONGOING PRC POLITICAL STRUGGLE IS OF INTEREST IN WASHINGTON (MAR 9).

12. PHILIPPINES

NYT'S LELYVELD IN COTABATO SEES MARCOS MIREN IN NASTY GUERRILLA STRUGGLE IN SOUTHERN PHILIPPINES, WITH CHANCES "SLIGHT" FOR NEGOTIATED SETTLEMENT OR MILITARY VICTORY. REBELS, ARMED BY LIBYA, OTHER ARAB SOURCES, USUALLY EQUAL OF POORLY-LED, ILDISCIPLINED, THINLY-STRETCHED GOP FORCES.

WITH DEADLOCK IN TALKS "SURE" TO CONTINUE, LELYVELD SEES FURTHER LOSS OF FIL LIVES AND INCREASING MILITARIZATION OF MARCOS REGIME, WHICH COULD ULTIMATELY UNDERMINE HIS POLITICAL POSITION.

IN LETTER TO LAT (3/7) GEORGE REYES, INFO OFF, PHIL  
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CONGEN, SAN FRANCISCO, TAKES ISSUE WITH HERMIE ROTEAR ARTICLE THAT CRITICIZED REFERENDUM. "UNORTHODOX AS IT MAY SOUND" STATES MARTIAL LAW ALLOWS "CONSTRUCTIVE DISSENT," POINTS OUT NO ARRESTS MADE WHEN 5,000 FILS PARADED IN MANILA WEEK BEFORE VOTE, CALLING FOR REFERENDUM BOYCOTT. INGERSOLL

NOTE BY OC/T: POUCH TO BUDAPEST.

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